do not exceed 15 per cent of the total outstanding loans, the bank has the freedom to open a branch.

Now, in a particular place, whether a branch should be opened or not, is a matter for the bank to decide. I can only goad the bank to open a branch. I have no doubt in my mind that I would have forwarded the hon. Member's demand to the Reserve Bank of India and to the concerned bank.

However, Sir, I do not think it is proper for the Government of India to direct a bank to open a branch. I think we should encourage them to take these decisions. We should encourage them to take these decisions, keeping in mind the interest of the borrowers and the lenders. I will continue to do so. I will once again send the hon. Member's suggestion to the concerned bank. But I think we should leave the decision to the bank itself.

SHRI SATISH AGARWAL: Correct approach.

SHRI SURINDER KUMAR SINGLA: Mr. Chairman, Sir, I feel that the bank branch policy is inadequate. It is really not reflecting the bank business potential in an area. Actually, the Reserve Bank of India has carried on with this policy for too long a period now-in terms of the population coverage and based on the facilities provided. My question, in this regard, to the hon. Minister is: would he recommend to the Reserve Bank of India to look at the bank business potential available, even if it requires the opening of two-three branches in a small area? New norms and new policies have really to be adopted by the Reserve Bank of India.

SHRI P. CHIDAMBARAM: Mr. Chairman, Sir, I shall certainly pass on the suggestion of the hon. Member to the Reserve Bank of India.

SHRI K.M. SAIFULLAH. Sir Rayalaseema in Andhra Pradesh being a backward area, and there being not many nationalised bank branches in that area, may I get an assurance from the hon. Minister that he would see that more bank branches are set up in that area?

SHRI P. CHIDAMBARAM: Sir, I have a list of 24 proposals which have been approved, as I said. I will pass on this list to the hon. Member. I am sorry, I do not know which branch is in the Rayalaseema area and which is outside the Rayalaseema area. I will give this list to the hon. Member.

*329. *[The Questioners (Shri Nagmani) was absent. For answer vide col-34 infra.]*

*330. *[The Questioner (Shri Anantray Devshankar Dave) was absent. For answer vide col. 35 infra.]*

*331. *[The Questioner (Shri V. Rajan Chellappa) was absent. For answer vide col. 36 infra.]*

*332. *[The Questioners (Dr. Ranbir Singh and Shri Ram Nath Kovind) was absent. For answer vide col. 41 infra.]*

परिचालनात्मक लाभों के बावजूद सरकारी क्षेत्र के बैंकों को हुए घाटे

*333. **श्री राम जेठमलानी:** क्या वित्त मंत्री यह बताने की कृपा करेंगे कि:

(क) क्या यह सच है कि वित्तीय वर्ष 1995-96 में सरकारी क्षेत्र के बैंकों के परिचालनात्मक लाभों में वृद्धि होने के बावजूद कुल मिलाकर उन्हें घाटा ही हुआ है;

(ख) यदि हां, तो वर्ष 1995-96 में परिचालनात्मक लाभ में कितनी वृद्धि होने का अनुमान है;

(ग) उक्त अवधि में बैंकों को कुल कितना घाटा होने का अनुमान है; और

(घ) बैंकों के परिचालनात्मक लाभ में वृद्धि होने के बावजूद उन्हें घाटा होने के क्या कारण हैं?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) to (d) A Statement is laid on the Table.

Statement

(a) Yes, Sir

(b) The increase in the operating profit of public sector banks during the 1995-96 over the year 1994-95 is Rs. 1940.54 crores.

(c) The total loss of the public sector banks during 1995-96 was Rs. 371.36 crores.

(d) Following are the major reasons for the public sector banks having incurred losses during 1995-96:

1. provisions towards non-performing assests and additional provision on account of underprovisioning done for non-performing assets during earlier years;
2. increased provisions towards depreciation on investment.
3. payment of wage arrears arising from revision of pay scales and provisions towards pension funds.

SHRI RAM JETHMALANI: Mr. Chairman, Sir, I wonder if the hon. Minister is aware of a word in the English language— 'gobbledegook'. It means, the use of a language which is intended to conceal all information and yield none. You have used hard and indigestible words which mean nothing. Sir, kindly see part (d) of the statement. It talks about the reasons for the losses. Now, the House is supposed to understand as to what are the reasons for the financial disaster in banks. Kindly see the 'reasons' couched in this language: 'provisions towards non-performing assets and additional provison on account of underprovisioning done for non-performing assets during earlier years'.

SHRI P. CHIDAMBARAM: Quite clear.

SHRI RAM JETHMALANI: Sir, it is plain to bureaucratic officialdom. It is your gobbledegook, but the House is not wiser. Frankly, in spite of the fact that I am somewhat aware of the kind of language that you use in your Ministry, even I cannot understand it. Will the hon. Minister, first of all, give us some assurance that hereafter his answers will be such that even a layman will understand them?

I am not exhausting my first supplementary on that. My first supplementary is this. You have given the total loss of Rs. 371.36 crores. Out of the five causes which you have given, which is the most prolific and efficient cause of your losses? Will you tell this to us so that we will deal with it in my second supplementary?

SHRI P. CHIDAMBARAM: Sir, there is no gobbledegook in my answer. The phrase "non-performing asset" is a very well known phrase. If my learned friend had spent more time in the Question Hour than in the court, he would have recognised this phrase. Everybody here understands NPA. We have discussed about NPA so many times in this House. NPAs are assets which have been classified according to the guidelines given by the Reserve Bank, where for two successive quarters either the interest or the principal which is due, has not been paid. There are standard assets, substandard assets and loss assets. These are called NPAs.

The Reserve Bank guidelines also say that provisioning must be made for NPA. If an asset becomes a totally loss asset, you must make 100 per cent provisioning. If an asset is a substandard asset, there is a certain percentage. If an asset is a standard asset, there is no provisioning. Therefore, when provisioning is made, it is reflected in the profit-and-loss account. Therefore, the operating loss is shown, and the net loss is also shown. Merely making a provision does not mean that cash loss has been suffered. If the loan is recovered, then, there is an income to the bank. The provisioning loss is adjusted in a subsequent year. But, according to the Reserve Bank guidelines, when we started banking reforms, Busle norms were introduced. Asset classification, income recognition and provisioning are three very important

tools that we use now to make sure that the banks' balance-sheets reflect the true position of the banks. Of the three, the most important reason for the overall loss is the provisioning for non-performing assets.

The next one is, because the Reserve Bank has revised its guidelines and made them tighter, mark to market was made tighter, more depreciation has to be provided for investment.

The third one is that the IBA settled with the banks the long-pending claim of wage arrears. That is one of the reasons why the losses are high. The wage arrears have been paid. These are the three main reasons for the loss.

MR. CHAIRMAN: The second supplementary.

SHRI RAM JETHMALANI: Bad debts result from corrupt transactions of original lending. Those have now been made provision for, and that accounts for your losses. So, why don't you use a simple language and say that this is the price of corruption in the past years? Correct?

SHRI P. CHIDAMBARAM: I do not agree with it.

SHRI RAM JETHMALANI: My friend will give me the figures. He did not tell me the most efficient cause of the loss.

SHRI P. CHIDAMBARAM: I said "provisioning."

SHRI RAM JETHMALANI: How much? If you do not have the figure, we will wait for another day.

SHRI P. CHIDAMBARAM: The provisioning amount differs from bank to bank. If the hon. Member wants to know the provisioning amount of each bank, I am willing to provide those figures to him, but it will not be possible for me to give provisioning figures for each of the banks. I can give the operating profit and the net profit for each bank as well as those for all the banks and the net position for all the public sector banks. The operating profit was Rs. 7,568.87 crores. The net profit that is loss was 371 crores of rupees. This is for the year 1995-96.

The reasons are known. The main losses were in the Indian Bank which accounted for Rs. 1,336 crores.

All the other banks, if you look, did not make even a net profit. There is one bank where the provisioning was approximately Rs. 900 odd crores in 1995-96 which caused the balance sheet of the Indian Bank for 1995-96 to return a net loss of Rs. 1,336 crores.

SHRI RAM JETHMALANI: Just give me some idea of earlier years. How far do you want to go?

SHRI P. CHIDAMBARAM: I don't understand what he is asking. I hve given the figures for the last year i.e. 1995-96. I don't understand what else he wants.

MR. CHAIRMAN: Question Hour is over.

WRITTEN ANSWERS TO STARRED QUESTIONS

Promotion of Housing Sector by Public Sector Banks in Gujarat

*322. SHRI AHMED PATEL: Will the Minister of FINANCE be pleased to state:

(a) whether public sector banks are promoting housing sector in Gujarat;

(b) if so, the details thereof;

(c) whether any limit has been prescribed for advances to housing in the State;

(d) if so, the details thereof;

(e) the details of loans provided for housing in the State during the last three years, year-wise and district-wise;

(f) whether Government propose to increase the loan limit in the State to promote housing activities; and